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Cushioning a Crisis in the London Money Market

Any person who could devise measures by which the fluctuations in modern business could be eliminated, or materially reduced, would undoubtedly carve for himself a deep niche in the Hall of Fame. Both business men and observers of economic phenomena have noted that recurring crises seem almost as inevitable as the setting of the sun, if not so regular. If the severity of crises could be mitigated, solvent firms might not fail as often as they do, and the erratic economic course of man might not be subject to such violent ups and downs.

That business men can do something about this matter themselves is illustrated by actions taken in England during the crisis of 1837. In the London money market the crisis was largely localized to those firms most closely connected with American trade and finance. There was no panic comparable to that in the United States. Failures were not so numerous, banks did not suspend payments generally, and price declines were not so marked in England as in America. What accounts for this disparity? Were the policies pursued by American business men, many of whom were new industrial capitalists, less sound than those followed by their British cousins, whose liberal credit and financial practices had been in no small measure responsible for the boom conditions in the American economy between 1833 and 1837? Though it obviously cannot be regarded as the full answer, one reason for the difference may be found in the measures taken by English business men to cushion the shock of the crisis upon the London financial community.[1]

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[1] N. J. Silberling, "British Prices and Business Cycles, 1779-1850," *Review of Economic Statistics and Supplements*, preliminary vol. v, pp. 232-233; W. B. Smith and A. H. Cole, *Fluctuations in American Business, 1790-1860* (Cambridge, Mass., 1935), pp. 66, 158; Sir John Clapham, *The Bank of England: A History*, 2 vols. (Cambridge, England, and New York, 1942), pp. 151-161; W. C. T. King, *History of the London Discount Market* (London, 1936), pp. 80, 91-101. Much of the detailed information in this article has been derived from the Baring Papers in the Public Archives of Canada, Ottawa, but in the interests of brevity only direct quotations and statements deemed to require explanatory remarks will have footnote citations.

By the summer of 1836, several features of the boom then prevailing in both America and the United Kingdom had begun to disturb the directors of the Bank of England. A series of events, operating together, attracted gold to the United States and induced an outflow from the Bank of England beginning late in March, 1836. Among these were seemingly innumerable schemes for banks and internal improvements in the United States; an apparently insatiable demand for long-term credit to carry those schemes forward; a marked expansion in imports into the United States from all over the world; easy credit policies on the part of Anglo-American merchant bankers; amiability on the part of the British investors looking for reproductive enterprises; rapid increase in joint-stock banking in both the United Kingdom and the United States; demand for payment of spoliation claims by the French and Neapolitan governments to the United States in gold; the issuance of the Specie Circular; and the operation of the law of 1834 altering the gold content of the dollar. After some inquiry and an examination of the bills of exchange held by their institution as security for loans made to discount houses, the directors decided that the situation in Anglo-American trade was the primary cause of the movement of gold to the United States and of the drain upon the Bank of England. It mattered not that the generous lending policy of the directors was one of the important factors in the boom.

Remedial measures adopted by the directors of the Bank were the first in a series of events culminating in panic in the United States and in severe crisis in the London money market. In July they raised their discount rate to 4.5 per cent. Gold continued to leave the Bank. By August 26 Bank rate was up to 5 per cent, and all bills endorsed by joint stock banks were refused either as security on loans or for discount. Furthermore, private instructions from the Governor of the Bank to the agent in the Liverpool branch became public property; the agent was to reject the paper of designated "American houses," that is, those financing American trade and marketing American securities. These were Timothy Wiggin & Co., George Wildes & Co., Thomas Wilson & Co., Morrison, Cryder & Co., F. de Lizardi & Co., W. & J. Brown & Co. (the only one located in Liverpool), and Baring Brothers & Co. The credit of these firms, together with that of the joint-stock banks, was seriously undermined. The balloon had been pricked. How long would it take to deflate?

Developments during the next four months did not afford a

definitive answer to that question. The Anglo-American merchant bankers proceeded with their discount and acceptance operations without the aid of the Bank. Some of the firms argued with the Bank as equals when late in October the Governor told them that "excessive facilities given to foreign bankers, 'either as open Credits or in anticipation of the sale of States' Securities' " were regarded with disfavor.[2] Bullion still flowed from Threadneedle Street, for the most part apparently to joint-stock banks in Ireland and England anxious to build up their reserves in anticipation of or to meet greater pressure. In fact, runs had begun on some Irish banks in October, and two banks had been allowed to fail without assistance in November. A plea for assistance from the Northern and Central Bank of England, Manchester, led to investigation by the Bank of England; the inquiry revealed recklessness as well as malpractice and induced the Bank to give aid only with complete control of liquidation. Meanwhile, wholesale prices held firm or rose slightly during the fourth quarter of 1836, though they ruled lower than those prevailing in the second quarter of the year. Only the joint-stock banks seemed to be in serious difficulty as a consequence of the Bank's restrictive action on loans and discounts.

Appearances were deceiving, however. Coöperative effort on the part of the various elements in the money market would soon be needed to avert panic. Pressure in Britain was paralleled by greater tension in America. It was only a question of time until the Anglo-American houses would begin to feel seriously squeezed. Timothy Wiggin & Co. was the first to admit difficulties.

As early as December that firm called for aid from its six leading competitors. They gave it without appeal to the Bank of England. Each agreed to accept bills if and when called upon to the extent of £30,000. The agreement in full was as follows:[3]

> Having seen the letter you have addressed to Mr. Shaw soliciting our assistance in case you should require it to meet your engagements.

[2]Clapham, *op. cit.*, vol. ii, p. 154. On the Anglo-American bankers see R. W. Hidy, "The Organization and Functions of Anglo-American Merchant Bankers, 1815-1860," *Journal of Economic History*, vol. i, Supplement, pp. 53-66. N. M. Rothschild & Sons was active in marketing American securities but was not a specializing "American house."

[3]Baring Papers, Miscellaneous Correspondence (hereinafter cited BPMC), Dec. 23, 1836, copy of the original agreement; Baring Papers, Letter Book (hereinafter cited BPLB), Joshua Bates to Samuel Jaudon, Mar. 1, 1837.

We the undersigned beg to say that we are respectively willing to assist you by accepting the Drafts of any parties you may please to designate to the amount of £30,000 (say thirty thousand Pounds) each at three or four months date, to be drawn for in the event of your other means failing within four months from this time.

But upon condition that you have first brought in your hands the extraneous resources before provided amounting to about £12000
& that you have drawn the credits
you have open on the continent £40000
and moreover that you will give no priority to the repayment of the whole or any part of these sums thus brought forward over the advances we may be called upon to make.

This arrangement is on the understanding that each of us shall be drawn upon at the same time & for an equal amount & in fact that we shall all stand on equal footing in every respect. Signed

Baring Brothers & Co.	for thirty thousand pounds
Thomas Wilson & Co.	do.
W. & J. Brown & Co.	do.
Geo. Wildes & Co.	do.
Morrison Cryder & Co.	do.
F. De Lizardi & Co.	do.

This aid, which gave Wiggin & Co. new borrowing capacity, was utilized well. The firm reduced its engagements from £1,650,000 in December to £700,000 on March 1, 1837, but even this was not adequate to the situation.

During the next two months the entire business community was fighting against the terrific obstacle of a money market on the verge of demoralization. After the market had been eased slightly "to lift people over the end of the year," the Bank of England again began to curtail its discounts and to sell Exchequer bills to reduce its note circulation. Continental banks altered their discount policies to meet the situation in the London market. By January 21 exchange rates were such as to permit the export of gold, thereby inducing the Bank to increase its restrictive efforts. Ten days later pressure at Liverpool and Manchester was very great and market discount rate was 5 per cent, plus 0.5 per cent commission, on bills, and above 7 per cent in some instances on securities. American bonds

were of little use as collateral to the Anglo-American houses, however, because confidence in them was at an extremely low ebb.

Two other events of the month reflected and added to the strain. Insecurity among the joint-stock banks caused one of their London agents, the private banking firm of Esdaile — Sir James Esdaile, Esdaile, Grenfell, Thomas & Co. — to admit inability to meet its obligations. An appeal was made to the Bank of England for aid, a request that was heeded only after the principal London private bankers strenuously urged acquiescence. With the coöperation of the bankers, who put up guarantees, the Bank investigated, found the firm solvent if given time, and supported it to an honorable liquidation two years later.

At the end of the month of January, 1837, just when the financial situation needed the most careful handling and when it was essential that the general public should not take alarm, advertisements appeared in several newspapers recommending a run on the Bank of England. The directors contemplated prosecution of the authors, but eventually decided to ignore the matter. The run did not materialize, the bullion in the Bank reached its lowest point on February 7, and the Old Lady was beyond harm, even if that fact was not yet known.[4]

Actually the Anglo-American merchant bankers were just beginning to receive the decisive blows to their stability. Declines in the prices of a wide range of commodities set the stage. Credit restrictions on forwarding cotton, an estimated increase of about two hundred thousand bales in the stock on hand in the United Kingdom at the end of 1836 as compared with that on December 31, 1835, and reports of large crops in both India and America drove the Liverpool price down, slowly but steadily, in spite of continued purchases by the manufacturers and the slow arrival of the new crop. A precipitate decline was ushered in at the end of January by the news of a break in the cotton market at Le Havre. Coffee was slow in moving and supplies were large. Teas of common quality were selling in London at a loss of 50 to 60 per cent upon the cost, and indigo at figures considerably below the latest reports of cost in Calcutta. Sellers of sugar operated against reports of large crops in every producing area, a supply on hand larger by forty thousand tons than that of the preceding year, and a marked decline in prices

[4]Clapham, *op. cit.*, vol. ii, p. 153; W. M. Acres, *The Bank of England from Within, 1694-1900* (2 vols., London, 1931), vol. ii, p. 465.

in Cuba in December. Tobacco prices dropped steadily during January and broke precipitately in February.

In point of fact, it was the downward movement in tobacco prices that began a new series of shocks to the credit of the Anglo-American merchant bankers. On February 6, Warwick & Claggett, London tobacco receivers, as a preliminary to asking aid, invited Baring Brothers & Co. and other firms to look into their affairs. The investigators decided to let the firm fail. The fact was published, and Warwick & Claggett refused acceptance or payment of bills to the extent of £150,000. The firm expected to pay only ten shillings on each pound of its indebtedness; most of the bills were drawn by American firms. The failure of this house, though it was not large in comparison with the great Anglo-American firms, constituted a very definite shock to the mercantile and banking community. Within two weeks the credit of even the large "American houses," with the exception of the Barings, had reached a new low.

Both general conditions and actions of the houses themselves must be blamed for the weaknesses exposed by the failure of Warwick & Claggett. Merchants in the United States had found it almost impossible to acquire reliable remittances. The extended houses were sent bills for the most part drawn on their competitors. Only those of Baring Brothers & Co. among the Anglo-American merchant bankers enjoyed the complete confidence of discount houses and bankers. But long before February the Barings had curtailed banking drafts upon their house; drawings were authorized on the part of only two American financial correspondents — Prime, Ward & King of New York and the Bank of the United States — and those were very much restricted. Drafts against securities had been temporarily suspended and those to finance exports from the United Kingdom had been limited some time earlier.

Moreover, no alternative scheme which would produce bills widely acceptable for remittances had yet been formulated. Baring Brothers & Co. thought some arrangement enabling the Bank of England to draw on the United States might be devised; by this means the payment of the American short-term foreign debt, estimated at £18,000,000, could be facilitated. Samuel Jaudon, writing as a representative of the Bank of the United States, of Pennsylvania, also thought in terms of drafts from England on America; he visualized the establishment of an agency of the Bank of the United States in London to draw on the parent institution. As a

matter of fact, neither idea had as yet crystallized into a definite proposition.

The weakened "American houses" in England were thus practically forced to continue some of their former loose practices regarding remittances or to receive almost none at all. Conservative London firms objected to bills drawn by agents and branches, in which partners were identical with those of English houses, on their principals in the United Kingdom; bills of this sort were considered as mere promissory notes because the credit of the drawer and drawee were one and the same; if the house in England failed, holders of the acceptances had no recourse. Many of these bills were in circulation and were received as remittances by the less discriminating Anglo-American merchant bankers.

Wilson & Co. had improved upon even this dubious procedure. Requests were made by its agent in New York, John Gossler, to American firms to cover its accounts in London. When the accounts were not covered, Gossler would sell to the backward remitter his own bill on Wilson & Co. The new bill would be endorsed by the American house and sold, and the proceeds used to purchase bills on other Anglo-American houses to remit to Wilson & Co. Inasmuch as the drafts of the agent on Wilson & Co. sold at a lower price, the remitter was forced to raise enough by his own efforts both to make up the difference between the buying and selling price and to pay the commission on the new transaction. Upon receipt of the bills Wilson & Co. would get them accepted, discount them, and use the proceeds to meet current obligations. This was the "circulation system" to which more cautious firms objected.

Loose remittance practices, however, were only surface indications of more fundamental weaknesses on the part of some of the financiers of American trade. Timothy Wiggin had curtailed his credits to some extent but not enough. The same may be said for the other two "W's," though available evidence is not so specific. Bills on the Paris branch of Lizardi & Co., drawn by agents in New Orleans, appeared in London in "immense" sums. Morrison, Cryder & Co. actually went after new accounts and extended its business throughout the period to March 1, 1837. Undoubtedly the fact that during January British textiles were shipped to the United States nearly in the "usual" volume should be attributed to the failure of the merchant bankers to cut off or to restrict drastically their credits to American merchants.

The three "W's" at least operated on a very high ratio of cur-

rent liabilities to capital. When Wiggin & Co. called for assistance in December, 1836, for example, the capital of the firm was estimated at not more than £330,000, of which almost £200,000 was not available to meet current obligations — "locked up," to use the phrase of the trade. Against liquid assets of £130,000 Wiggin's had engagements totaling £1,650,000. During the last week in February, 1837, with liabilities totaling £2,200,000, Wildes & Co. operated on an estimated capital of £250,000 and immediately available assets of less than £100,000.[5]

If one of these firms should fail, the credit of all seven leading Anglo-American merchant bankers would be shaken. Each received as remittances bills drawn on the other six. Such was the situation when on February 20, according to a report from the Barings to their American agent, Wildes & Co., Wilson & Co., and W. & J. Brown & Co. were "admonished to reduce from quarters that they are not likely to disobey. . . . " The next day bills on the three "W's" could not be discounted anywhere "unless drawn by solid parties," and the obligations of both Morrison, Cryder & Co. and Lizardi & Co. were reported to be excessive.

Wildes & Co. was already in enough difficulty to request aid, but the public did not yet know about it. In company with all houses of its type, except the Barings, this firm discovered that the failure of Warwick & Claggett had so injured the credit of the "American houses" that adequate facilities were refused in the discount market.[6] The Bank of England, the remaining source of funds, granted aid for only a few days. Inasmuch as it was merely one of several houses similarly situated, Wildes & Co. was then told that the Bank would discount no more for it. Applying to the discount market once more, the firm again met refusal because the Bank would not even receive the bills as security for loans. This action on the part of the Bank in turn embarrassed the discount houses; several small ones were forced to suspend their payments. Wildes & Co. next turned to Baring Brothers & Co. for advice. A joint loan of £50,000 was made for a week by the Barings and Overend, Gurney & Co. in order to afford time to investigate the affairs of the discredited house, to ascertain the amount of aid needed, and to determine whether further assistance could be granted with safety.

[5]BPLB, Bates to Jaudon, Mar., 1837.
[6]BPLB, Baring Brothers & Co. to T. W. Ward, agent of the firm in the United States, Feb. 20, 21, 22, 23, 1837; Bates to Jaudon, Mar. 1, 1837.

The examination disclosed that Wildes & Co. could be sustained and a plan was drawn up. The sums due, chiefly from America, appeared to be from reasonably reliable parties. A loan of £250,000 was considered sufficient to carry the firm along if funds should come in regularly from the United States. The Bank of England then agreed to lend the designated sum, Wildes & Co. engaging to deposit with the Bank promissory notes of equal sums maturing at four, six, eight and nine months from March 1. Several firms were requested to become responsible to the Bank for the payment of these notes at maturity and agreed to do so. Each firm, subscribing opposite its signature the amount it was willing to put into the guarantee, stipulated that in case Wildes & Co. did not use the entire £250,000 each firm should be liable for only the proportion its share of the guarantee bore to the total loan.

When this arrangement was nearing completion more complications arose. One of the partners of W. & J. Brown & Co. arrived from Liverpool with his tale of woe. Bills to the amount of £750,000 had already been discounted for W. & J. Brown & Co. by Denison's, a private banking firm which was disposed to grant no further advances. Thomas Wilson & Co. was believed to be in much the same situation. Therefore, the question arose as to whether the Bank should discount for any or all of these houses. For the better understanding of the matter the "three W's" and Brown & Co. were required to state the amount each would need in discounts for the ensuing two months. The aggregate of those statements — £5,000,000 — so frightened the directors of the Bank that they took four days (February 27-March 2) to decide what was to be done. At that time the Bank held only about £1,600,000 of bills on the embarrassed firms, which was a reduction from former levels. The directors disliked granting further aid, but if it was not given the four firms would be forced to suspend paying their obligations, which would precipitate the failure of a host of minor firms in Liverpool and Manchester, completely prostrate trade, and force the return of an estimated £3,000,000-£5,000,000 in bills to the United States for redemption. The decision, commented Joshua Bates of Baring Brothers & Co., rested upon a "few individuals in the bank parlour as little remarkable for their wisdom as for their liberality."[7]

A decision was reached by March 2. It was to grant the aid to

[7] *Ibid.*

Wildes & Co. on the security offered. The governor and deputy-governor were delegated to communicate with bankers and discount brokers and to agree with them to take such steps as seemed "best calculated to restore confidence in the discredited houses." These steps had a more definite meaning before the end of the first day. The Bank gave notice that on and after March 2 it was "ready to receive applications for loans upon the deposit of approved bills of exchange, not having more than ninety-five days to run; such loans to be repaid on or before the 15th of April next, with interest at 5 per cent. per annum, and to be for sums not less than £2,000."[8]

Unfortunately this plan failed to meet the situation. Since the discredited houses held drafts chiefly on each other, bankers and discount houses exercised much discrimination in taking their bills receivable. When the money market failed to change for the better, a series of failures began among smaller houses financing American trade. And, on March 15, Wilson & Co. declared its inability to continue payments unless it had extraordinary assistance from the Bank of England.

Although it was thought at first that Lizardi & Co. would of necessity be included, the arrangement for the large houses, completed on March 22, involved only the three "W's" and W. & J. Brown & Co. Upon the proviso that they would liquidate their businesses under rules set by the directors, the Bank of England granted abnormal discounts to Wilson & Co. for £400,000, to Wildes & Co. for £250,000, and to Wiggin & Co. for £200,000.[9] These facilities were given over the guarantee of various mercantile and banking houses in London, Liverpool, and elsewhere. As previously arranged in the case of Wildes & Co., the guarantees consisted of endorsing promissory notes for deposit with the Bank. For ex-

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[8] *Ibid.;* BPLB, Baring Brothers & Co. to Ward, Mar. 2, 1837; *Niles' Register,* vol. lii, p. 65.

[9] Clapham, *op. cit.,* vol. ii, p. 157, states that each of the three "W's" was given "£200,000 of abnormal discounts, on personal and other security." The author cites a document dated Mar. 21, 1837. The figures given in the text of this article are taken from letters dated Mar. 22 and 29; this indicates that changes must have been made in the original plan. Wilson & Co. refers specifically to the £400,000 accorded to it by the Bank. BPLB, Baring Brothers & Co. to Ward, Mar. 22, 1837; Baring Brothers & Co. to Prime, Ward & King, private bankers in New York, Mar. 22, 1837; BPMC, Thomas Wilson & Co. to Baring Brothers & Co., Mar. 29, 1837. The Barings make no mention of guarantees demanded for W. & J. Brown & Co., though they may have been requested in that case also.

ample, Baring Brothers & Co. endorsed for Wilson & Co. three such notes of £6,666:13.4 each (totaling £20,000), maturing in five, six, and seven months from date — March 23. W. & J. Brown & Co. was required to deposit security with the Bank to the amount of £150,000 to cover any discounts they might want.

By this time the status of the Anglo-American merchant bankers was so depressed that some sound substitute for drafts on the discredited firms almost had to be brought forward if the American short-term foreign debt was to be soon repaid. Baring Brothers & Co. proposed to the Bank of England that it should open through the Barings a credit of £2,000,000 for one year in favor of the Bank of the United States. The conditions proposed were that the American institution should remit to cover one-half of the bills drawn on the London house £1,000,000 in silver or gold and that the remaining million pounds of the credit should be secured by the deposit of bonds of the American bank, all redeemable within twelve months and paying 5 per cent interest.

The directors of the Bank made the idea their own with slight modifications. As a companion measure to aiding the four Anglo-American houses the Bank of England offered a credit directly to the Bank of the United States for the amount proposed and upon the condition that the period for reimbursement was to be six months instead of twelve. The house of Baring was omitted as intermediary, on the ground that the directors desired to give the action the appearance of a national concern in which the leading banking institutions of both countries were joining. Gold and silver would come to the Bank, American debts to the United Kingdom would be paid in reliable remittances, repayment of the advances to the shaken firms would be more certain, and the shock of the bad news regarding the three "W's" upon the American business community would be mitigated.

Tension had become too great in the United States for the proposal of the Bank to be more than examined. Nicholas Biddle had already been requested to aid the American business community and had graciously consented. During that same portentous last week in March the head of the Bank of the United States promised to issue domestic and foreign post-notes — non-interest-bearing bonds of different dates of reimbursement but all to be retired within a year. The totals issued for foreign use were "a little over a million" sterling payable at Baring Brothers & Co., as well as 3,480,000 francs and 1,229,000 guilders payable in France and

Holland respectively. Before they had received news of Biddle's action the Barings (by letter of May 6) proposed to him almost exactly the same scheme as an alternative to the proposition of the Bank of England. Biddle had provided the means for reducing the American short-term foreign debt without the aid of Threadneedle Street, whose proposition had come too late in any case. Therefore, the overture from the Bank of England was declined, on the ground that specie was not available for export and that action had been imperative at the end of March.[10]

Meanwhile, great exertion was necessary to avert a major crisis in England during April and May. The discredited firms could keep their heads above water only by a steady stream of discountable bills from the United States. Packet arrival dates were days of extreme tension and anxiety; if the ships arrived, it was wondered if any bills were on board; if the remittances came, there still remained the question of acceptance and payment; at once the names on the paper were scanned to ascertain whether or not they were reputable enough for the bills to be acceptable to the Bank of England for discount. Naturally enough, as reports of the mounting tension in the United States came to hand, the directors of the Bank and other men in the money market became still more dubious of bill remittances. Rumors circulated freely concerning the stability of W. & J. Brown & Co., F. de Lizardi & Co., and Morrison, Cryder & Co. Not even the Barings, never in need, were immune from suspicion of weakness. The return of a large volume of dishonored bills to the United States gave rumors apparent validity and indicated the seriousness of the pressure.

Outside the financial mart occurrences reflected and intensified the stresses within. Manufacturing in Manchester and Glasgow almost ceased. Unemployment mounted. The volume of bankruptcies moved to its highest figure since the second quarter of 1826, not "absolutely feverish," to quote Clapham, "but unhealthy enough."[11] Particularly Liverpool firms, both importing and exporting, fell by the wayside; both sound and unsound were squeezed,

[10]BPLB, Baring Brothers & Co. to Biddle, Mar. 22, May 6, 1837; Baring Brothers & Co. to Prime, Ward & King, Mar. 22, 1837; Baring Brothers & Co. to Ward, Mar. 15, 20, 22, 1837; BPMC, Biddle to Baring Brothers & Co., Apr. 1, 29, 1837; Jaudon to Bates, June 15, 1837; *New York Journal of Commerce,* Mar. 30, 1837; *National Intelligencer,* Apr. 1, 4, 1837; Clapham, *op. cit.,* vol. ii, p. 159.

[11]*Ibid.,* p. 157.

prompting a memorial in April from the business community of Liverpool to the Chancellor of the Exchequer. Protesting bills drawn against cotton shipments became marked at Havre; and the receipt of a report in early April that one of the leading hong merchants in Canton had failed suggested that the malaise was world-wide, not merely a crisis in Anglo-American economic relations.

Nevertheless, the British mercantile and banking community continued its support to the three most embarrassed houses until the end of May. After the Governor had conferred with the Chancellor of the Exchequer during the first week of April, further assistance was given by the Bank to Wildes & Co. By the end of April the number of failures was so large and the news from the United States so depressing that there was "much fear in the Bank parlours;" the directors were induced to continue their assistance to the three "W's" only after vigorous persuasion by various firms in the money market. On the second day of May the business community in England breathed more easily; the Bank had agreed to carry both Wildes & Co. and Wilson & Co. to the end of the month and it was known that further aid would be given Wiggin & Co. The sums advanced by the Bank were large; that to Wilson & Co., for example, was £1,192,369, exclusive of £736,000 in bills on that firm discounted for other houses. Secured by notes endorsed by Baring Brothers & Co. and other leading houses, this aid was extended in the hope that the "W's" would prove to be solvent and could be carried through an early, orderly liquidation. The control of the chief lender was already marked; Wilson & Co. could accept no drafts from Lancashire on American account, and Wildes & Co. was not allowed to accept any bills except against property in hand.[12]

Neither the controls nor the sums advanced were adequate to the needs of the shaky firms. Even though the acceptances of Wildes & Co. were down to £660,000, those of Wiggin & Co. to £900,000, and those of Wilson & Co. to £1,290,000 as of May 22, further aid to the possible extent of £1,500,000 was thought necessary if their stoppage of payments was to be averted. Remittances from the United States had slowed to a trickle and many of those could be expected to be dishonored and returned for payment. In view of these circumstances, the probability that many other houses would be forced to suspend payments, and in spite of guarantees, the Bank directors decided on June 1 to render no more aid to the discredited firms.

[12] *Ibid.*, p. 158, note; BPLB, Baring Brothers & Co. to Ward, April 10, 15, 1837.

As anticipated, this decision precipitated a new shower of suspensions and embarrassments. The three "W's" stopped payment of their obligations on June 2. Within four days they had been joined by Bell & Grant, Gowan & Marx, Coleman, Lambert & Co., and A. & G. Ralston & Co. — smaller houses engaged in either financing American trade or marketing American securities or both. As early as June 10 the Barings estimated that these seven suspensions would result in the return of at least £845,000 in dishonored bills to the United States. Additional amounts were sent back by shaken but solvent houses in the Baltic, Holland, France, and the United Kingdom. Morrison, Cryder & Co., Lizardi & Co., and W. & J. Brown & Co. were successfully supported after they had put up collateral security and a list of guarantors from the mercantile and banking fraternity. For the entire period of stress the Browns had to get a total of almost £2,000,000 in aid from the Bank.[13]

Though these events in June seemed highly reprehensible to those who deplored weakness, suspensions, and failures, the coöperation between the mercantile-banking community and the Bank of England had cushioned the shock to both the American and British economies. Had the three "W's" been allowed to fail in March, the Barings estimated that at least five million pounds in bills would have been returned dishonored to the United States. Such an avalanche would, it may be assumed, have made the actual panic of 1837 in the United States seem trivial in comparison. Almost certainly W. & J. Brown & Co., Lizardi & Co., and Morrison, Cryder & Co. would have succumbed to the pressure. It could not be expected that even Baring Brothers & Co., the only one of the seven leading Anglo-American houses requiring no aid from the Bank of England, could escape the general debacle. No wonder the partners of that house were surprised that their agent and Nicholas Biddle could for a moment think it desirable that the discredited firms should have been allowed to fail in March.[14]

In point of fact, the outcome of the crisis might have been quite different but for the assurance and stability of Baring Brothers & Co. Timothy Wiggin wrote Welles & Co., Paris, that had it not been that Baring Brothers & Co. "were above want there would have been no possibility of arranging the affairs of the discredited Houses

[13]*Ibid.*, May 22, 30, June 2, 6, 10, 1837; Clapham, *op. cit.*, vol. ii, p. 158.
[14]BPLB, Baring Brothers & Co. to Ward, May 2, 1837.

and that he must say they B. B. & Co. have made a generous use of the advantage of their position." There was no truth in the rumor current during the crisis that the house of Baring was in a "frightful dilemma," that Lord Ashburton had been obliged to support it with £800,000, and that it had called upon the Bank of England for aid. The firm did borrow £191,350, on £215,000 in securities as collateral, from Sutton Sons & Gribble, private bankers, but that fact was not known to any but members of the two firms.[15]

As the Barings knew already and would realize still better later, the use of this coöperative technique to soften the shock of the crisis in 1836-1837 was not unique. In 1801 the Bank of England had advanced £100,000 to Hibberts, Fuhr & Purrier on guarantees submitted by thirteen firms, including that of Baring. Similar methods were utilized in the crises of 1839 and 1857. In 1890 Baring Brothers & Co. itself was sustained by the Bank upon what amounted to the collective guarantee of the entire banking system of the United Kingdom.[16] Familiarity with the good old English custom may account in part for the measures adopted by J. P. Morgan during the crisis of 1907.

Thus in 1837 the London mercantile and banking community, utilizing a well-known technique, localized and cushioned the shock of a crisis in Anglo-American economic affairs. Through coöperative effort three key firms were supported long enough for the impact of their failure to be lessened. Aid given to three other merchant bankers prevented their suspension and permitted an early, orderly return to normal operations. By the autumn of 1837, prices had begun to rise and the four remaining Anglo-American merchant bankers had begun to expand their services to business men in the United States. Had it not been for the financial reserves and stability of Baring Brothers & Co. the effort might not have met with such success, but probably more important was the coöperative spirit in the entire English mercantile and banking fraternity.

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[15]BPMC, Bates to Thomas Baring, a partner of the firm, Mar. 27, 30, 1837; BPLB, Baring Brothers & Co. to Sutton Sons & Gribble, Jan. 13, 1837; *Journal of Thomas Raikes,* vol. iii, p. 157, quoted in E. T. Powell, *The Evolution of the Money Market* (London, 1915), p. 340.

[16]Clapham, *op. cit.,* vol. ii, pp. 38, 337.

What Type of Business History Are You Writing?

Someone may say that he has not yet learned what a business history is and therefore that he is in no position to consider the *types* of business history that may exist. Perhaps, however, it may help in grasping the essentials of business history if these types are set forth.

Right at the beginning of this effort we should note that we have in mind the history of a business unit — a business man, a firm, or a company. To be sure, there are other approaches to business history, namely, the history of a function, such as production or marketing, the history of a whole industry, such as meat-packing or cotton textiles, and, of course, the general history of business. All these kinds of business history should be attempted some day, but it is only fair to strike this note of warning right here, that these kinds of business history can blossom forth only after we have had many histories of individual business units. Indeed, the history of the business unit is the primary story out of which all other business history must be constructed. The reason for this is simply the fact that the great reality of business is the effort of a group of men to earn a profit by serving society in a single organization under a single head and with plans and procedures, successes and failures. In short, business is essentially coöperation between men in earning a living within an acceptable unit of organization.

The very first type of business history that deserves to be mentioned (so as to be at once discarded) is the piece of propaganda. The history of this type may be written on the inside and on behalf of the business unit; and, when it is unfair to reality, it must be regarded as propaganda. On the other hand, the history may be written on the outside and in hostility to the business man or company concerned. While the history favorable to the company is likely to deceive no one, the history displaying hostility is filled with

the capacity to mislead the general public, economists, and historians. Tarbell's *Standard Oil* (1904) and Corey's *House of Morgan* (1930) are notable examples. There are two main reasons why such propaganda efforts are likely to be insidiously successful. The first is that they have the trappings of scholarship: they are grammatically accurate, rhetorically appealing, and contain the *apparatus criticus* of the scholar; that is, the form lends attraction to the substance, and the footnotes, appendices, and references to accepted ideas and authorities give credence to the whole performance. The second reason why the reading public has been fooled is that it is predisposed to believe the worst concerning business because of its Marxist leaning, or because of the social liberalism of the school of Werner Sombart, or because of the hostility of workers and petty capitalists feeling a grievance against big business. The prejudice among men that has been born of plausible theory untested by fact is colossal. A visitor from Mars might say that the chief peculiarity of humans is not that they have two legs, two arms, two eyes, and two ears, but that they like to engage in emotional sprees that come from drinking immature liquor.

This is too serious a matter to be summed up in one paragraph. The further meaning is that men, including social philosophers, economists, and historians, have developed clear-cut notions about business, not only before they have had the facts of business in front of them but before the facts of business history had even been unearthed. When a professor of history or of social economics puts books on reserve for undergraduate consumption, he invariably chooses such works as the two mentioned above. The books are written by persons who have never seen the records of business, who have never been trained in business, and who have never checked their conclusions by discussing with business men the matters at issue. It is no wonder that the social sciences are so often denied the honor of being classified as sciences, for the mind is not open and there is no desire to discover or classify the wide range of facts of the situations under consideration.

Closely akin to propagandistic histories of business are pieces of journalism, that is, those stories about business men and companies written to sell in order to obtain a living for the author. A journalist is commonly a man who not only has to live but has to live by doing things in a hurry. And not only these two things, but a third: he has to write what the prospective readers want. He is an

expert in marketing: he is keyed to the popular need of the day. Perhaps he feels that others can do a better job than he in appealing to sex instinct and that he should take the next most appealing line — catering to the stomach or income of his readers. I would not slander journalists: I know that the better ones are not of this ilk, but I believe that the rank and file are of these dispositions whether from primal choice or developed necessity.

Some of the journalistic business histories are worthy of some consideration. Edward Hungerford's *Romance of a Great Store* (1922) is based upon a limited study of materials prepared for him by the Macy store, which is the subject of the history. John K. Winkler's *Morgan the Magnificent* (1930) is written from the outside and quite misleading. Harry E. Wildes' *Lonely Midas* (1943) presents an interesting picture of Stephen Girard but utterly fails to use the wealth of business records thrown open to him. Marquis James' *Biography of a Business, 1792-1942: Insurance Company of North America* shows little grasp of the essential problems which that company had to face from generation to generation. Samuel Crowther's works on Henry Ford, John N. Patterson, Harvey S. Firestone, Thomas Edison, and George N. Peek go much further in analyzing business administration, though the tendency is to rely upon interviews and upon the author's own philosophy rather than upon careful study of the records available. These journalists are helpful to business history in so far as they reach many readers but harmful in so far as they tend to preclude the writing of more scholarly works.

In truth, I have been dealing with propagandistic and journalistic works largely to clear the deck for the main theme — a consideration of more serious efforts to write business history. There are at least twelve types of histories of business firms that belong to the school of truth in the gray — not black, not white, and not luridly colored.

The first type of serious effort to write a business history, as here considered, is the one that emphasizes the industry. Professor Shepard B. Clough, in writing *A History of the Mutual Life Insurance Company* (1946), has devoted a great deal of attention to the life insurance *business*. To be sure, such treatment adds greatly to the interest of the story for many readers who need more background in the industry itself. Indeed, this is the logical approach of the economic historians at work in the field of business history. But,

if each business history gave a lot of attention to the industry, there would be great and serious waste because of duplication of effort and treatment. And, also, to the business historian it does not seem possible to write a history of the industry until the histories of the significant units within the industry have been written.

Now, I am not recommending that there should be no consideration given to the industry in business history. In truth, every business is a unit in a group; it is born in a group and shares its competitive advantages and disadvantages. It should be compared with other units in the group, because, for example, it is a comparatively high- or low-cost producer. It is strong in this respect, weak in that. In short, a company is a member of a family: its rise and progress are bound up with the family's fortunes at least to some extent. Its profits reflect the condition of the industry up to a point, though one company may transcend family misfortune. The Pepperell Manufacturing Company has managed to pay dividends throughout its history. The Pennsylvania Railroad has remained strong even in the 1890's and the 1930's when other lines were fighting to survive. To emphasize the industry, however, is to overlook the elements that go into business administration in favor of general situations which are economic or political.

A second type of business history emphasizes the chief function performed by the business unit, the history of which is being written. This emphasis may be by design or by accident. Professor Ralph M. Hower's scholarly *Macy's of New York* (1943) was designed to deal primarily with the retailing of goods by a department store. Merchandise procurement and finance were not given equal attention, though in a second volume these might be dealt with at length. Certainly, Macy's retailing policies have presented sufficient challenge to the author and adequate satisfaction to the reader to justify the emphasis. Professor J. Warren Stehman's *Financial History of the American Telephone and Telegraph Company* (1925) is ostensibly and actually devoted to the financial functions of the American Company and the results have justified the plan. Of course, since the various business functions are in practice intertwined, no partial treatment is wholly realistic. And then a company is really more than a bundle of functions: it is in fact an institution, an organization of men performing functions in accordance with the strength or weakness of men and communities. So long as the American Company was located in Boston and managed by the Boston group, it had severe limitations; but, when it became a New

York institution, with the support of George F. Baker and J. Pierpont Morgan, it was able to go ahead as never before. And then its later progress was not unconnected with the shift in the production of instruments from the Boston to the Chicago area, when the Western Electric was gradually purchased and developed. And, of course, the success of the American Company was closely bound up not only with the growing maturity of America but also with the highly progressive rate and service policies adopted. In short, the concentration on one function creates a degree of unreality from the standpoint of business history, which is concerned with the rounded story of the administration of a single unit.

You may reply that all subjects have to be somewhat cut up so that we mortals can handle them, and that Stalson's *Marketing Life Insurance: Its History in America* (1942) proves how successful this treatment of dealing with functions, apart from the rounded history of a company, can be, if the author is capable, knows the realities of his subject, and takes enough time to think the subject through. In truth, this example does provide an exception, but one that is not easily duplicated. Perhaps Dr. Stalson might add, "And how much better my *History* might have been, if a rounded history of each of the companies dealt with had been written before I undertook the task of synthesizing."

A third type of business history provides a miscellaneous array of facts which are not woven into a synthesis. Probably up to date this is the most popular type. It is often sponsored by business firms and often answers the need of the firm for the celebration of a 50th, 75th, or 100th anniversary. It is often written by a member of the family that founded the business and that is still interested financially in its success. Commonly, the author is an insider who knows the concern but who has no training either in historical study or in business analysis. To him, the story presents no problem in policy-formulation, control, or operation. Problems there have been, as he would admit, but he does not choose to unearth them. In fact, a local fire or flood is commonly a more salient occurrence than a shift from water power to steam, or from sale through an agency to direct sale, or from single entry to double-entry bookkeeping. The miscellaneous or antiquarian histories of firms are welcome, though they are not of the highest type. We are thankful that they are not journalistic and grateful when they exhibit no propaganda. We regret chiefly that the author uses so ineffectively the information at his disposal.

The little book, *Neither Wealth nor Poverty: The History of the Woolen Mills of Gay Brothers, 1869-1944, Tunbridge-Cavendish, Vermont* (1944) was written by Janet Mabie of New York City. In this instance, the author neither knew the business nor studied the records. She picked up a little information about the district from her visits and conversation and dealt interestingly with the family which has operated the mills, but she was really more interested in the neighbors and the floods than in the business. And, yet, someone went to the trouble and expense to produce this little book. We should, in fact, like to know a lot about the wool used, the machines purchased, the integration of processes, the marketing of product, the changes in output, and the financing of this relatively small business in a rural district. But, because the family chose an author who wrote well though she studied little and because the family itself had no clear conception of its great contribution to society or of what a true memorial to that contribution might be, we have the feeling that the effort was largely wasted. And, yet, the record of the great flood of 1927 is ample and Vermont is made to appear attractive; in short, the book has not been written wholly in vain — as a local but not a business history.

This miscellaneous type would not need to detain us long if it did not introduce a serious threat to business history, not intended but inherent. For instance, we find economic historians welcoming the study of business records because these promise to provide *fresh materials,* not because they open up an opportunity to study business administration, operation, or control. One scholar expected to find a great deal of price material and another wage rates. The history of an old English bank made much of the accounts which showed the support of some well-known mistresses of the age of Charles II. H. Gordon Selfridge, the owner of London's first department store, purchased the Medici manuscripts with the expectation of finding some backstairs gossip about one of the Medici merchants in whom he was interested. Now, in such misuses of the new sources of study, I am reminded of the Maine lady who, finding in her attic a bunch of letters from Abraham Lincoln, proceeded to cut off all the signatures and throw away the rest of the letters.

A comparable attitude is seen in the high esteem put upon the history of a business man in case this business man had been a governor, diplomat, or soldier. Of course, this extraneous emphasis misses the whole point, at least from the standpoint of business history, namely, that we should study the history of any man or

company, regardless of name or fame, provided the records are ample and the experience significant for the story of business development.

A fourth type of business history may deal with internal organization. I can think of no clear example, but I expect to see one appear some day, and I shall welcome it for what it is worth. Every business of any size has more or less differentiation in departments. There is a production or procurement department, a sales department, a treasurer's department, and an accounting office. In a large concern there will be a full complement of line departments and there may be an array of staff departments, including research departments, and employee and public relations departments. To some extent the history of such departments and their functions would look like a study of successive organization charts. It is quite customary to scorn such charts because they are always out of date and misleading, but they do tell a story, even if it be not the whole story. If any structurally minded student undertakes to write such a type of business history, he will be performing a useful service; but he should be warned that it is not the departments but the functions that are important and that these are best studied not in isolation but grouped under policy formulation, operation, and control.

A fifth type of history emphasizes the external organization. This is particularly important for a large holding company having many subsidiaries. It is important for the executives to be able to refer quickly to the legal status and brief history of subsidiaries. Such a history should indicate the purpose of the creation of such subsidiaries, for instance, to conform with local law or to meet a tax situation. The only example of such a type that I have read, and it has remained unpublished, gave me a clear understanding of its inadequacy, except for the very special purposes mentioned. The external form, the corporate structure, the fictitious entity, has a hollow sound and rings false to reality. It seems to suggest that the corporation has an existence apart from individuals. It leads to the emphasis on the company name and the submergence of the executives and the workers. Enlightened business men of our generation are trying to get away from such a situation, though this is unfortunately after much of the damage of anonymity has already been done. In short, men do not live by bread alone; they are not satisfied with their mere money income; they want to identify their ego and

personality with an effort and a contribution. And so we must set down the legal type, the one that puts emphasis upon the external structure, as of limited and doubtful value.

A sixth type follows the policies of the company: it concentrates on big efforts and the ensuing success or failure. It matters not whether the policies have been consciously formulated or not: at least they are the points of departure, the drives, the dynamic aspects of collective effort. We find that one company has been administered so as to yield a money profit to the investors; another so as to turn out a fine set of products, always being improved so as to meet the progressive requirements of customers; and a third so as to meet the balanced needs of stockholders, executives, workers, customers, and the general public. In the Harvard Studies in Business History we find that Professor Larson's *Jay Cooke* (1936) and Dr. Moore's *History of the Waltham Watch Company* (1945) are designed to emphasize policy, though they turn aside in places to test policies by examining operations. Generally speaking, we can say that, although the history of a concern written from the standpoint of policy proves to be interesting and significant, still it lacks the high degree of reality that can be obtained from a study of operation. To be sure, there may be a limiting factor entering at this point: the records may not exist for a balanced treatment of both policy and operation.

A seventh type is the history that puts emphasis on operation. This treatment includes the execution of policies imposed from above — how the superintendents and foremen have molded the business, how the workers have done their jobs, and what the impact has been on the consumer group. This type is likely to suggest, or even to demonstrate, the coöperative efforts of the different groups at work to produce goods and services for an outside public. The evidence often indicates that small men have made a big company. If the records are ample, such a history would show how the executives have unwittingly robbed the foreman of his independence and self-esteem and reduced him to the ranks of the proletarian now seeking to regain self-respect by forming labor unions. The emphasis on functions would also be on line functions and not a little attention would have to be directed to techniques and technology. Gibb's *Whitesmiths of Taunton* (1943) reflects operations, but it is really at times as broad as the industry and as human as the individuals at work. We may expect to see more books appear in the Harvard

Studies in Business History which exemplify this emphasis on operation.

The eighth type, as this catalog has been compiled, is the history of a firm written from the standpoint of its products. Perhaps the author has accepted the view that a company is what a company does, that is, what it turns out. The advertising manager would agree with this point of view. In truth, however, such a treatment is quite superficial and inadequate. From the standpoint of business history a company is greater than its products; in war-time it may switch quickly to the production of wares never dreamed of under ordinary conditions. A company is an organized group of persons struggling to earn an income for investors, executives, and workers. It experiences difficulties of a seasonal, cyclical, or secular nature; it meets the problems of flood and drought, war and peace. If we wish to see exemplified this type of business history, we need only to examine one of the several histories of publishing firms in which we find the books and their authors dealt with at length but little about the publishing business or the men who make it succeed or fail. In a recent book about Mark Twain in the publishing business, entitled *Mark Twain, Business Man* (1946) by Samuel C. Webster, we learn that the humorist employed a partner who, like himself, did not understand the business and that he published books for emotional rather than commercial reasons.

In a ninth type of business history we find that the emphasis is on institutional advertising. If this is done with restraint and dignity, integrity and candor, there is much to be said for it. And indeed there is likely to be a strain of institutional emphasis in histories written under the sponsorship of the company itself. Professor Hower's *History of an Advertising Agency* (1939) is an example of well-rounded institutional treatment. On the other hand, too much emphasis on the institution may smack of vainglory and ordinary advertising. It is to be expected that the histories sponsored by John Wanamaker would concentrate on institutional advertising. The *Golden Book of the Wanamaker Stores* (1911) is an example. History in plenty is found in this and other treatises on the Wanamaker stores. They emphasize sales methods, the treatment of employees, and general public leadership. In the struggle for attention as a leader, John Wanamaker made claims to priorities that were never his. In truth, he was not the first to discover the merits of the one-price system, money back, and no undue sales pressures, though he

was one of the leaders in introducing those methods in the United States.

The tenth type emphasises the development of plant, equipment, and technology. In such treatment the engineer is at home and at large. And, indeed, since the Industrial Revolution, these things have made over our business methods and deserve emphasis. Certainly, to neglect them is to miss a dynamic feature of our modern business history. In John W. Hammond's *Men and Volts: The Story of General Electric* (1941) we have a history of the efforts of practical and then trained engineers to improve their equipment and methods and to turn out better products. It might be called the engineering history of the company and it shows the working out of the marriage of business and applied science.

The eleventh type is the history of the large holding company. It has not yet been written, but it belongs to the future as the future belongs to it. It will necessarily emphasize the problems of centralization of policy, decentralization of operation, control of departments and subsidiaries, and the coördination of all the many parts. It will be a study in the survival of flexible elements and the rise of rigidities in a régime of national capitalism. Business history will not have reached its maturity until such a type of history has been undertaken. Examples of the companies that might provide such an opportunity are the American Telephone and Telegraph Company, the Standard Oil Company (N.J.), the United States Steel Corporation, the General Motors Corporation, and the General Foods Corporation. In such a history there would be unusual emphasis on control and on the staff functions. In the writing of such a history years of research would be required on the part of a sizable staff, closely integrated and carefully guided. Here is the immediate challenge of the future.

Sometimes it is said that, in writing the histories of business units, we are writing "case histories." Nothing could be more erroneous. There is no case involved at all. A case turns upon a crisis and includes an analysis which points to a solution. The history of a business is more comprehensive than that, though, to be sure, in plenty of histories there are crises and needs for remedies. But the main point is that a business history is the history of an institution — a group of men working in coöperation with one another to produce a result for a price and with some successes and some failures.

The twelfth and ideal business history is the one that combines

all our types from four to eleven and in such proportions as the situation requires — and the records permit. This counsel of perfection unfortunately falls down in face of the hard realities of the availability of records. Some efficient manager has destroyed all the operating records of this company or that or perhaps of this subsidiary or that. Or, while there are minutes and articles of incorporation, there are no correspondence and accounts. Perhaps a few Journals have survived but no Ledgers. There may be a file of patents but the books describing the products of early days have disappeared. Around Philadelphia and Boston are we most likely to find the best-rounded collections of records. In the crowded cities, where rents are high, there have been pressing reasons for destroying accounts, correspondence, and work sheets. Few companies have central archives or any archive policy. Chance alone has, in many instances, preserved all that remains. In spite of the gaps in the records, however, a skilful historian, like a skilful archaeologist, can piece together the main threads and tell a significant story.

And, then, as we come down to the present, we can pick up the threads of development by conversation and direct inquiries. Above all, we can ask why this or that really happened; and, by comparing answers, we can forge a chain of causation. But, at about this point, I can hear someone protesting that he thought history dealt with the past and not the present or near present. In truth, the description of today is the record of yesterday. The present is fast becoming history. If only someone in each company had described current conditions every 25th year in the past, what a boon to the oncoming historian!

Anyone who is anxious to see how many themes can be put into a business history should consult the interesting volume written by Dr. Popple and entitled *Development of Two Bank Groups in the Central Northwest* (1944). Here he will find interwoven policy, organization, regional growth, outstanding personalities, national changes, and the march of events. It would almost seem as though the author adhered to the scientific dictum that the most complete description of the flow of events is the most perfect explanation of what has happened.

Whether the history of a firm is based on records or on records and interviews, and whether the type is thus or so, the history should meet certain standards. Of course, the aim is the truth. This is the year 1946, and the people of the advanced countries of the

world have proceeded too far in their thinking, superficial as it may be, to be satisfied with less than the truth. And, curiously enough, the true picture of a business unit is generally very favorable to the private management of business, provided it is presented objectively and against the background of the times. The treatment should be rounded: the story should include workers, foremen, executives, customers, bankers, and auxiliaries or consultants. The history should present the business unit as an integral part of the society within which the unit exists and operates. No publicity stunt is called for, but a serious exercise in the founding of a sound factual base for public relations. In the accomplishment of these results the research should be prolonged and should be carried on by those ready to dig and ponder, to sift and reflect. The occasion calls for no exercise of journalism, in which a story is to be told that will promise to satisfy a few readers. What is needed is a study pursued in a slow, painstaking, scientific method. The cost will be high, but not so high as an inferior job. And, when the research work has been done, there is need for effective writing, not writing down, but on the level of straight-shooting prose. No tale could be more interesting than the history of a business unit, if the whole story be unfolded as a series of intellectual, moral, and social challenges.

Now, in the fulfilling of the urge to have a history of one's firm written, there is one great difficulty, a bottleneck, namely, the discovery of a person capable of doing the job. Let there be no mistake about this point. It is not a writer that is wanted, not a story teller, but a researcher who knows business and can write. Don't attempt a business history until you can find such a person.

And now I ask, what type of business history are you Mr. Researcher-Business-Man-and-Writer going to produce? Is what you have planned really worth while? Is it the best possible? Perhaps, if the treatment is too narrow, you will change it, provided the materials will permit.

Business men are still wasting their money in getting histories written that they have not the courage to print or that influence nobody when printed. Too bad there is no adviser to prevent the waste of effort and money involved in the writing of types acceptable to the nineteenth century but not to the present time. In the last fifteen years, ideas about business history, its contents and its uses, have changed, but have yours? In truth, the Harvard Studies in Business History have set standards which others should follow

or, better still, improve upon. For the benefit of those who would like to have a first-hand knowledge of this Series, the individual items are appended in the order in which they appeared.

N. S. B. GRAS,
Harvard University.

HARVARD STUDIES IN BUSINESS HISTORY*

1. JOHN JACOB ASTOR, BUSINESS MAN
BY KENNETH WIGGINS PORTER
1931. 2 vols. Pp. 1353. $10.

2. JAY COOKE, PRIVATE BANKER
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6. MARKETING LIFE INSURANCE: ITS HISTORY IN AMERICA
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7. HISTORY OF MACY'S OF NEW YORK, 1858–1919: CHAPTERS IN THE EVOLUTION OF THE DEPARTMENT STORE
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8. THE WHITESMITHS OF TAUNTON: A HISTORY OF REED & BARTON, 1824–1943
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1943. Pp. 419. $3.50.
2d printing, 1946. $3.75.

9. DEVELOPMENT OF TWO BANK GROUPS IN THE CENTRAL NORTHWEST: A STUDY IN BANK POLICY AND ORGANIZATION
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10. THE HOUSE OF HANCOCK: BUSINESS IN BOSTON, 1724–1775
BY W. T. BAXTER
1945. Pp. 321. $3.50.

11. TIMING A CENTURY: HISTORY OF THE WALTHAM WATCH COMPANY
BY CHARLES W. MOORE
1945. Pp. 362. $4.

Secretary's Column

The Secretary has received and gratefully acknowledges the following acquisitions:

From American Optical Company, Southbridge, Mass.: *Annual Report* for 1945.

From American Petroleum Institute, New York City: ***25th Annual Meeting: Victory Jubilee;*** and ***Petroleum: Recommendations for a National Oil Policy,*** dated Mar. 27, 1946.

From Mr. R. B. Hamilton, Vice-President, The American Surety Company of New York, New York City: Two convention reports on examination of the American Surety Company of New York and of the New York Casualty Company, each as of Dec. 31, 1944.

From Business and Labor Service, Akron Public Library, Akron, O.: Pamphlet entitled "If You're Considering a Business of Your Own."

From The Broadman Library of the World War and Post-Wardom, New York City: ***Cellulose Acetate Sheetings as Used for the Preservation of Permanent Records: A Critical Analysis,*** by Dr. Joseph Broadman.

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